

Senate Bill Calls for FBI Investigation Of Cases Involving Treasury Aides

By Edward F. Ryan
Post Reporter

A backstage struggle for clear priority to investigate any Treasury personnel accused of bribery, corruption or other serious crime has moved into the open with Senate consideration of a bill assigning such probes to the FBI.

A major underlying issue is whether the FBI or the inspection division of the Internal Revenue Service would investigate future allegations of wrongdoing by employees of the Nation's tax-collection agency.

The bill was introduced by Sen. John J. Williams (R-Del.) as a sequel to his activities in airing some chapters of the Internal Revenue scandals that became the target of all-out congressional inquiry in 1951 and 1952.

The Williams bill already has been approved by a Senate Judiciary Subcommittee headed by Sen. William Langer (R-N. Dak.). The next decision is up to the Judiciary Committee, which is also headed by Langer.

Current indications are that Senator Williams has "made a sale" with his bill. His biggest ammunition has been drawn from examples of how Treasury failed to clean out the Internal Revenue Bureau before it became a politically explosive scandal center.

There is, however, a strong indication the bill may be modified to meet some sharp objections by Treasury officials. They fear the bill would go much further than its announced intent of giving unquestioned jurisdiction to the FBI to investigate crimes by Treasury personnel. They have warned that the actual result may be to give a big batch of new powers to the Attorney General to conduct all sorts of housekeeping inquiries in Government agencies that up to now have been in the hands of the agency heads.

Justice officials disclaim any wish to obtain such sweeping new powers. They say they want only to have a law that will say clearly that the FBI is to investigate allegations of crime by Treasury personnel just as it now does in all other Federal agencies.

Criticism much sharper than anything presented in the open Senate hearings on the Williams bill is being fired at the measure in private conversations by some officials. The public discussion has complied fully with the rules of team play.

But in informal conversations, some officials express concern that the net result of the bill would be to confer on the FBI virtually the sole power of decision on what investigations to make and what not to make in Government agencies. These critics feel that the Justice Department, over the years, and particularly during the revenue scandals, had troubles enough to account for without reaching for more. In other terms, they feel the long-run Treasury record for keeping a "clean shop" compares favorably with that of the Justice Department. Further, they feel it's one thing for Justice to argue that crimes by Treasury should be investigated by "outsiders," but who, they ask, will be the outsiders to investigate crimes by Justice personnel?

Sen. Williams' bill is focused upon a sizable list of crimes: bribery, theft, embezzlement, impersonating Federal officers, false claims or fraud against the Government, and others. The bill says that complaints about such crimes received in any Federal agency shall be referred to the Attorney General, unless responsibility for investigation is assigned elsewhere by law. The bill gives him responsibility for having the crimes investigated.

A proviso gives Federal

agencies power to make investigations on which to base administrative actions.

A second provision, however, gives the Attorney General "primary jurisdiction" in investigating crimes, and says "no department or agency shall interfere with any such investigation."

One round in the dispute over FBI jurisdiction in Treasury was staged in a House hearing in early 1951 before the full tax scandal storm broke. Treasury officials were seeking a new statute to authorize Secret Service activities previously authorized in appropriations laws. Justice officials protested that one section, giving Secret Service agents authority to arrest persons violating Federal laws relating to the Treasury, would invade FBI authority. Justice Officials protested there had been times when the FBI sought to investigate Internal Revenue personnel accused of taking bribes, only to find that the Internal Revenue people refused to cooperate in order to investigate the matter themselves.

The protested section was slightly modified, but remained in the bill and became part of existing law. Later, in January, 1952, when the tax scandals had reached a climax, FBI Director J. Edgar Hoover called pointed attention to the disputed section in the Secret Service law.

Hoover noted the section as finally adopted authorized Secret Service to "detect and arrest any person violating any laws of the United States in connection with official matters administered by and under direct control of the Treasury Department."

"The passage of this law," said Hoover, "for all practical purposes effectively stopped this Bureau (the FBI) from investigating such matters (illegal activities) when Treasury personnel are involved."

Defenders of the present set-